for senior citizens offering higher and fixed rates of interest as compared to normal deposits of any size.

(c) RBI have been consistently deregulating interest rates on deposits of banks since April, 1992. Effective October 22, 1997, commercial banks have been given full freedom to fix their own interest rates on all types of fixed deposits for various maturities.

(d) Permitting banks to offer higher interest rates on fixed deposits of Senior Citizens would not lead to unhealthy competition, as the interest rates would be transparent. Further, while fixing such higher interest rates, the bank would take into consideration other important factors such as the cost of funds and its impact on profitability etc.

Service tax from photographers

1781. SHRIN.K. PREMACHANDRAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have initiated steps to impose 5% service tax on the annual income of photographers;

(b) if so, the details thereof;

(c) whether imposition of 5% service tax on photographers would cause much hardships to the self-employed photographers meeting their livelihood out of this self developed profession;

(d) whether Government have received any representation seeking cancellation of service tax on photographers; and

(e) if so, Government reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) The Government have imposed service tax at 5% on photography services with effect from the 16th July, 2001. The tax applies on the gross amount charged by the photography studio or agency from the customer for rendering the service but excluding the cost of unexposed photographic film, if any sold to the customer.

(c) to (e) Government had received representations that imposition of 5% tax on photography would cause hardship to self-employed photographers

and seeking exemption from service tax. After careful consideration of facts the Government have exempted from the levy of the service tax, the services provided in relation to still photography by any photography studio or agency including individual professional photographers, which are not registered under the law relating to Shop and Establishment or any other law of a State. In view of this exemption, individual self-employed photographers have been excluded from the purview of service tax.

Payment of Income Tax

1782. SHRI H.K. JAVARE GOWDA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that an honest person has to pay 40 per cent tax, while a tax evader is encouraged to pay just 30 per cent under the Voluntary Disclosure Scheme; and

(b) if so, what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) No, Sir. Voluntary Disclosure of Income Scheme (VDIS) was a special scheme which was in force from the 1st day of June upto 31st December, 1997. It provided an opportunity to persons who had failed to disclose their income in the past to declare their undisclosed income and pay tax on trie same at the then prevailing rate of 30% which was the maximum rate of tax applicable to individuals as per the Finance Act, 1997.

CAG's reports on fraud activities

1783. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the Prime Minister has expressed serious concern over growing leakage of public funds and pledged to fight corruption;

(b) if so, whether he was addressing the three day 21 st Conference of the Comptroller and Auditor General of India;

(c) whether all the reports of the C and AG of India in which number of frauds were reported have been welcomed by the Prime Minister;

(d) whether any directive has been issued to the Comptroller and Auditor General of India in this regard; and